

# **Recap of Mayor's 2015 Recommended Budget**

**November 7, 2014**



# **2015 Budget Major Highlights**

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- Mayor recommends a 2.4% increase in the tax levy
- Mayor's recommended levy is slightly over the tax policy expected increase of 2.0%
- Mayor's Recommended Budget is \$1.187 billion, a 4.8%, or \$54.7 million increase from the 2014 adopted budget of \$1.132 billion
- Mayor's Recommended Budget maintains current service levels from 2014
- Mayor recommends on-going funding for program enhancements of \$41.8 million and \$12.9 in one-time items
  - One-time items include items such as capital and short-term programs to be reviewed annually

## Mayor's Recommended 2015 Budget Recap

# Major Highlights

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- The Mayor's 2015 Recommended Budget lays the groundwork for *the future* by:
  - Providing funding for ten more police officers, a class of 18 cadets, and funding for a class of CSOs
  - Providing funding for police body cameras, and four additional 911 operators
  - Providing funding for the fire department's fire and emergency services explorer program and two recruit classes
  - Provides resources for programs in support of racial diversity initiatives, including the addition of two positions in the city coordinator's office ensuring city work is coordinated to support the best possible racial equity outcomes
  - Increased ability to reach out to communities



# **2015 Budget Financial Overview**

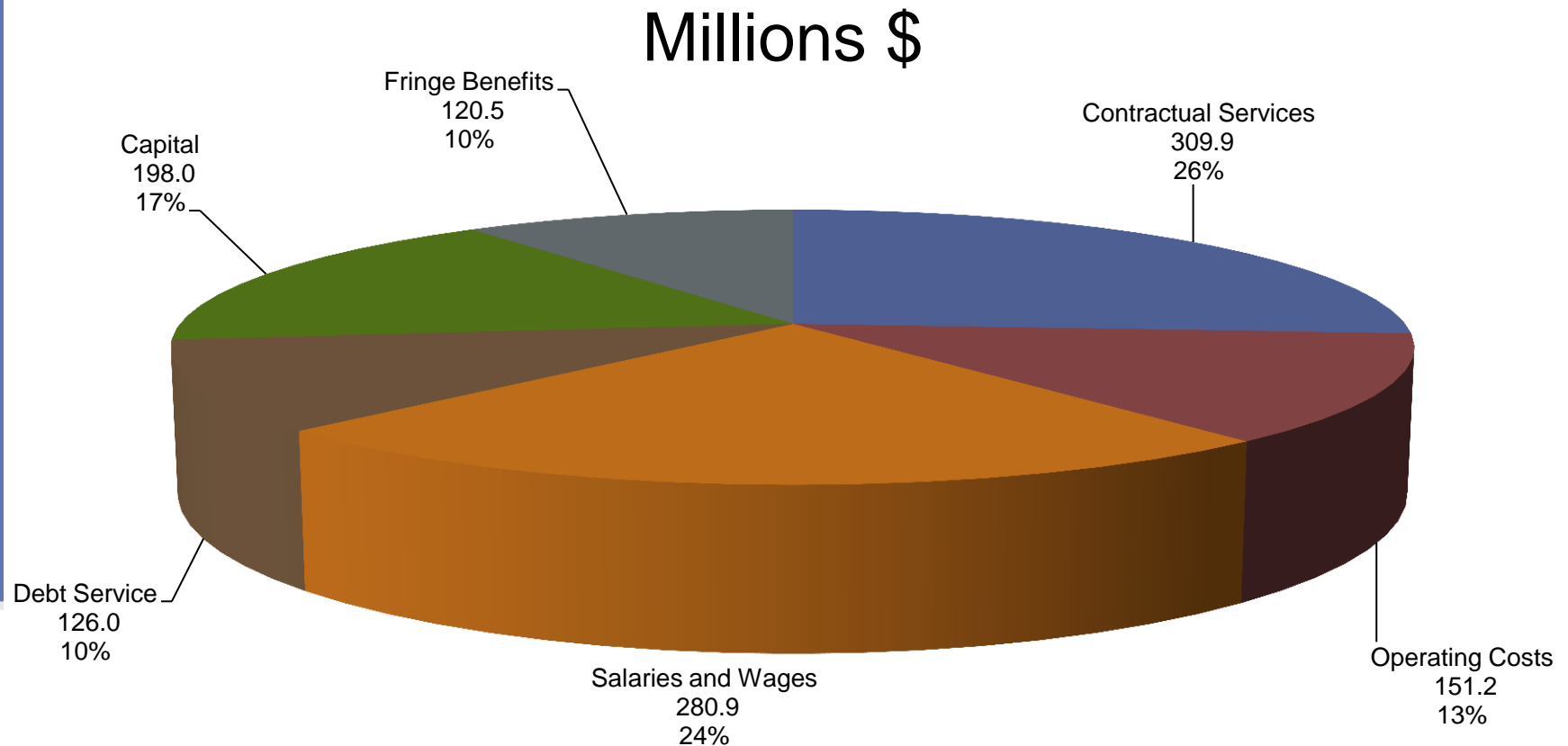
# Financial Overview

- Structurally *BALANCED* Budget
- Reliance on *NON-TAX* resources
  - Growth in local sales taxes, permits & license fees
  - Controlled use of fund balance for short-term/one-time activities (limit impact on ratings)
- Expenses – Non Tax Revenues = Property Tax
- \$1.187 Billion Budget
  - Spending level increases by \$54.7 million, or 4.8%, from 2014 Adopted Budget
  - Reduction in General Fund levy of 1.5%
  - Increase in Debt levy of \$6.6 million
- 3,841.90 Positions
  - Increase of 76.52 positions from 2014 level

# Mayor's Recommended 2015 Budget Recap

## Expenditures by Major Type

### \$1.187 Billion

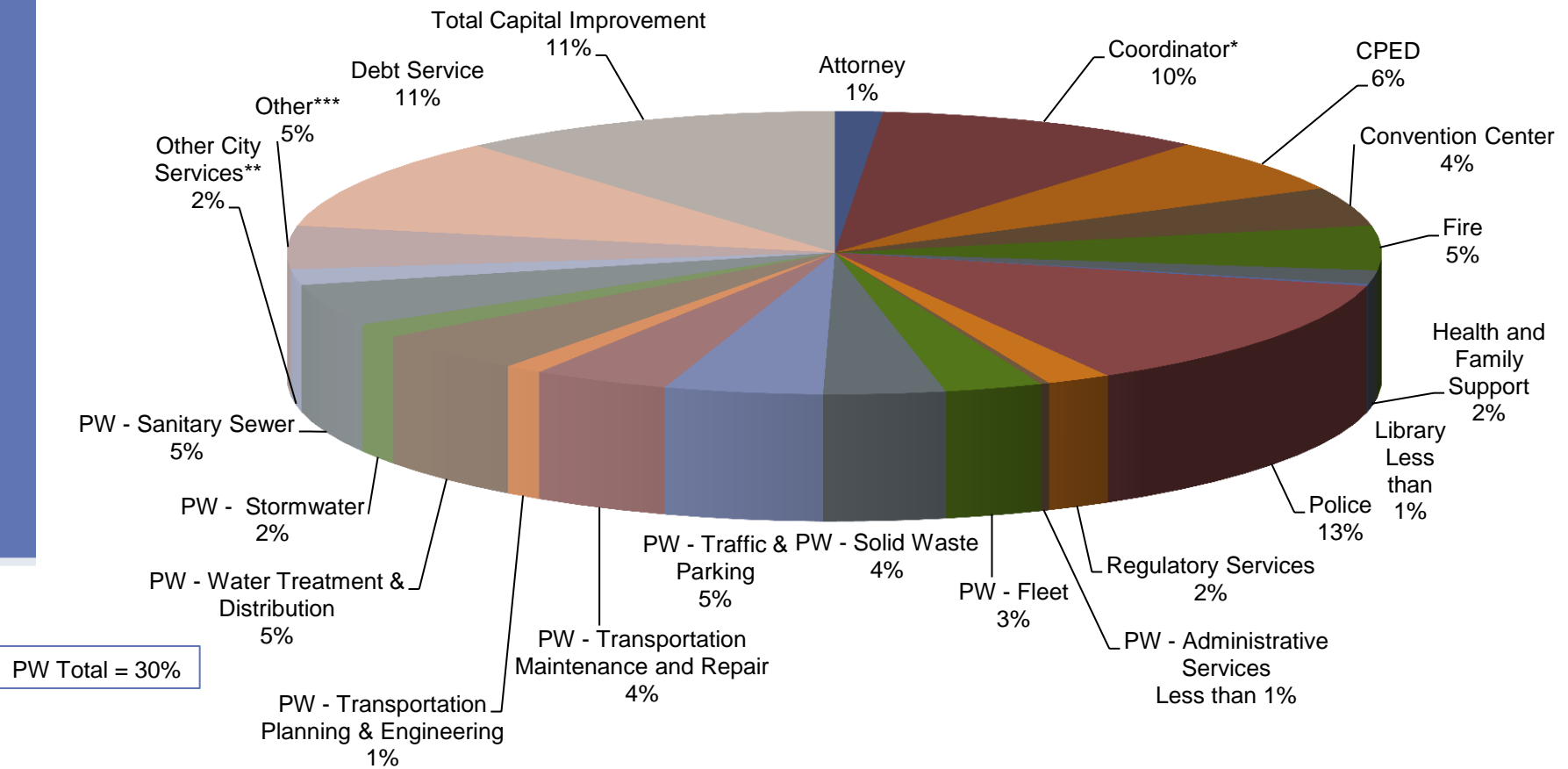


\*The Capital category includes capital improvements in the City's Capital Program as well as capital expenditures associated with the CARs program

# Mayor's Recommended 2015 Budget Recap

## Expenditures by Major Functions

### \$1.187 Billion



\* Includes Human Resources, Finance & Property Services, 311, Intergovernmental Relations, Communications, Neighborhood and Community Relations, IT, 911 and Emergency Management. Convention Center is broken out for illustrative purposes.

\*\* Includes Assessor, Internal Audit, City Clerk, City Council, Civil Rights and Mayor

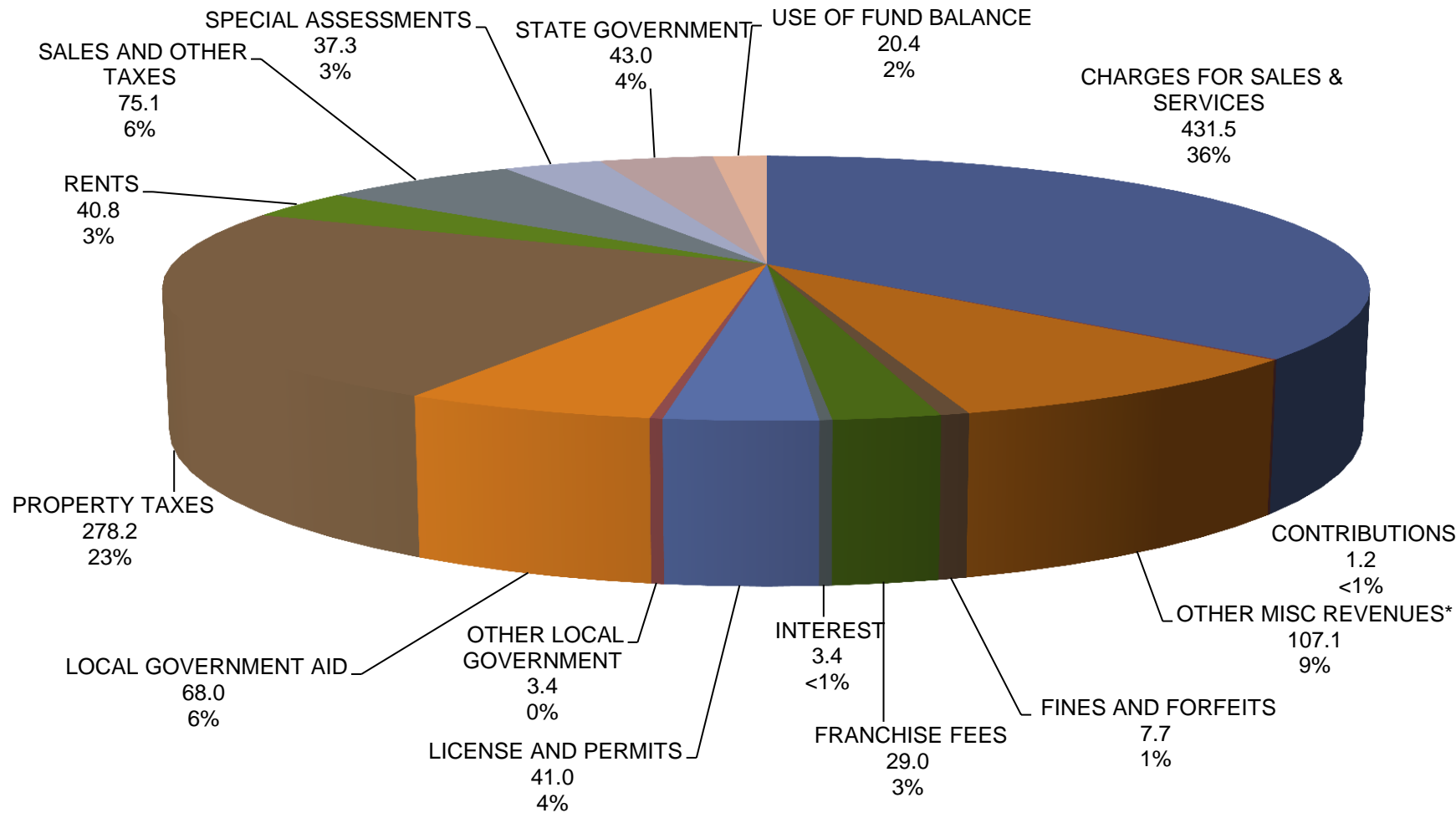
\*\*\* Includes Non-departmental, Health and Welfare, Worker's Compensation, Liability, Contingency and Pensions



# Mayor's Recommended 2015 Budget Recap

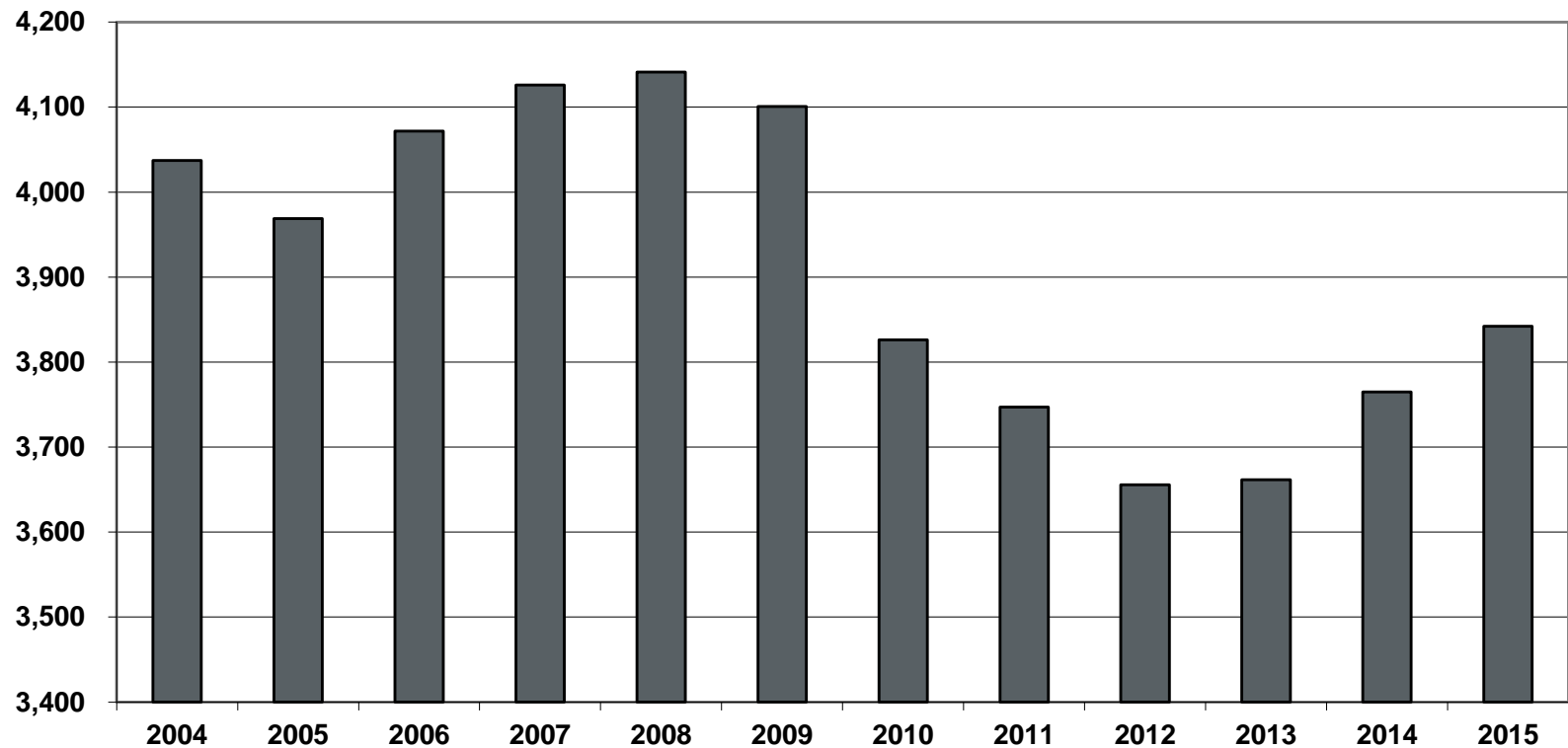
## Revenues by Major Sources

### \$1.187 Billion



\*Other Misc Revenues includes gains, contributions, and proceeds from long-term liabilities such as bonds

# Historical FTE levels\*



\*Excludes Independent Boards

Total FTE count for 2015 is 299 less than in 2008 for City Departments



**2015 Budget**

# **Major Budget Considerations**

# Budget Considerations

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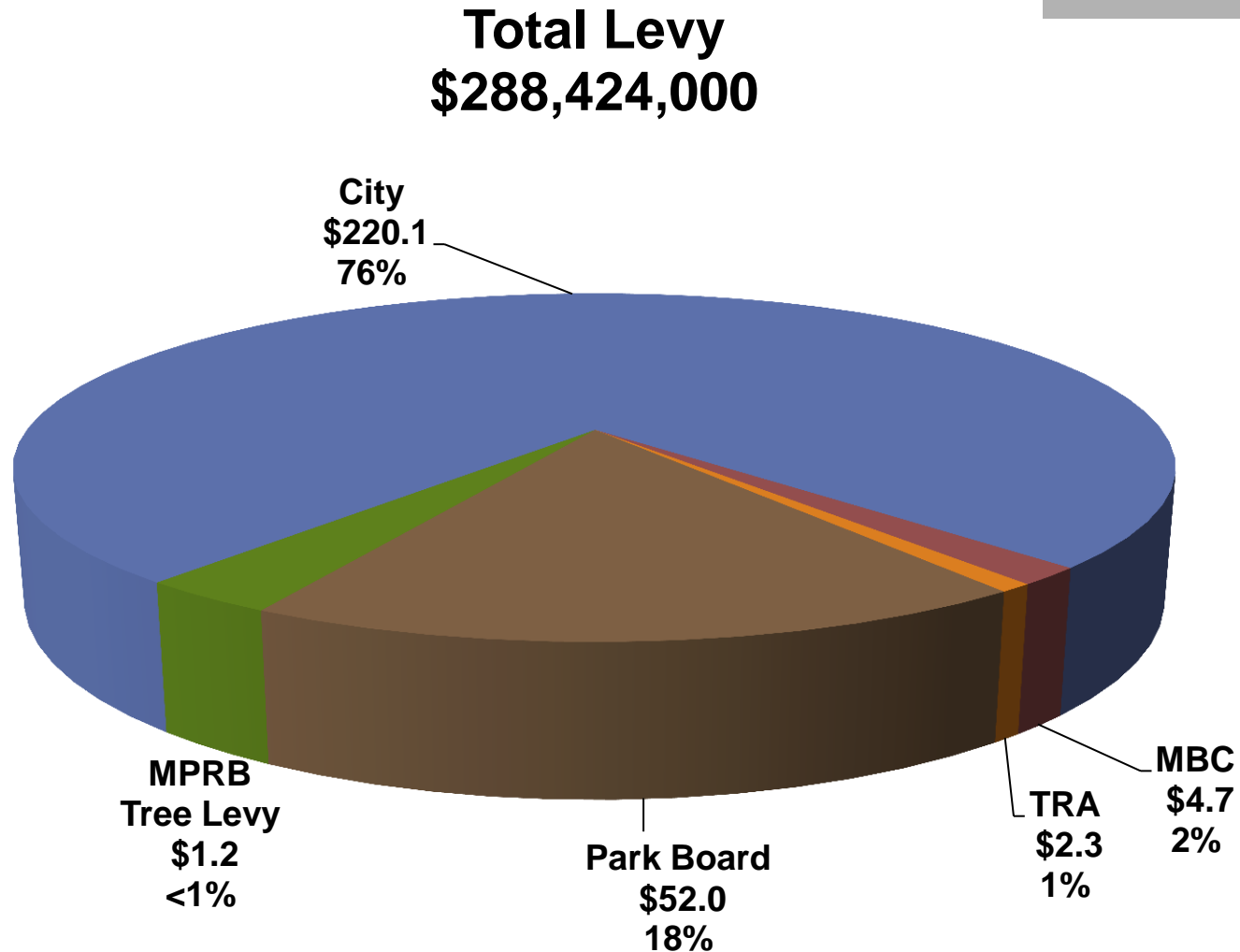
- Long-term planning, near-term decisions
- Personnel and benefits, including pensions
  - Wages
  - Health Insurance
  - PERA
- Funding for Capital
  - Infrastructure
  - Equipment
  - Technology
  - Facilities
- Payment of outstanding bond obligations

**2015 Budget**

# **Property Taxes**

**Includes Taxpayer Impacts**

# Property Tax Levies by Entity



## Mayor's Recommended 2015 Budget Recap

# 2015 Property Tax Levies (millions \$)

	Adopted		Proposed 2015	
	2014		2015	Chg
<i>General Fund Levy*</i>	157.12		154.75	<b>-1.5%</b>
<i>Debt Levy*</i>	29.30		35.90	<b>22.5%</b>
<i>HRA Levy*</i>	1.00		1.00	0.0%
<i>Permanent Improvement Levy*</i>	1.00		1.00	0.0%
<i>Pensions*</i>	27.31		27.31	0.0%
<i>BET*</i>	0.17		0.17	0.0%
Teachers Retirement	2.30		2.30	0.0%
MPRB	49.63		52.04	4.9%
Library Debt Service	9.30		9.30	0.0%
MBC	4.59		4.67	1.8%
Total	281.73		288.42	2.4%

\*Considered "City" levies

# What does increase “feel like” to taxpayer?

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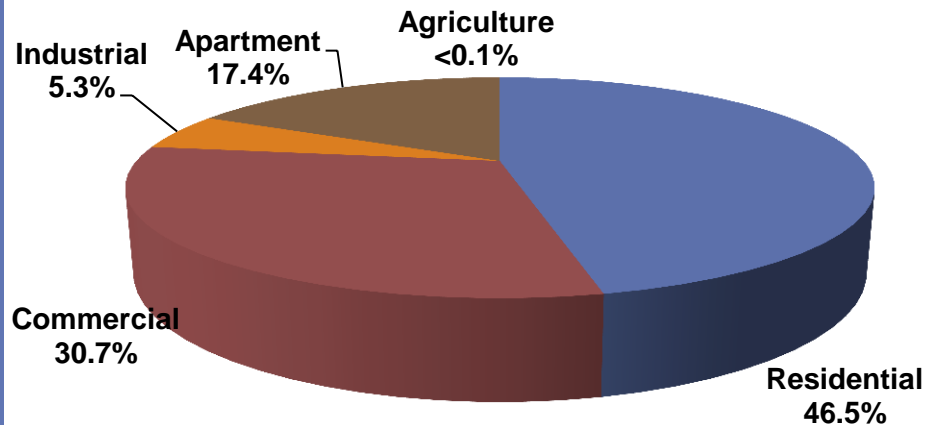
- Factors affecting actual property tax:
  - market value
  - market value exclusion program
  - citywide tax base
  - tax increment districts
  - levy
- Mayor’s proposal has 2.4 levy increase
- Combining all factors, about 57% of residential Minneapolis property taxpayers will see their City portion of their taxes drop from 2014 to 2015.



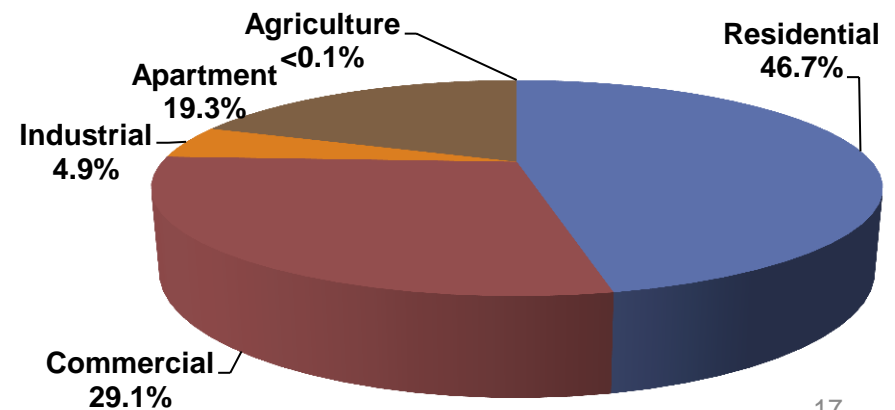
# 2015 Recommended Budget and Levy Recap

## Tax Capacity by Property Type

**Pay 2014**



**Est Pay 2015**

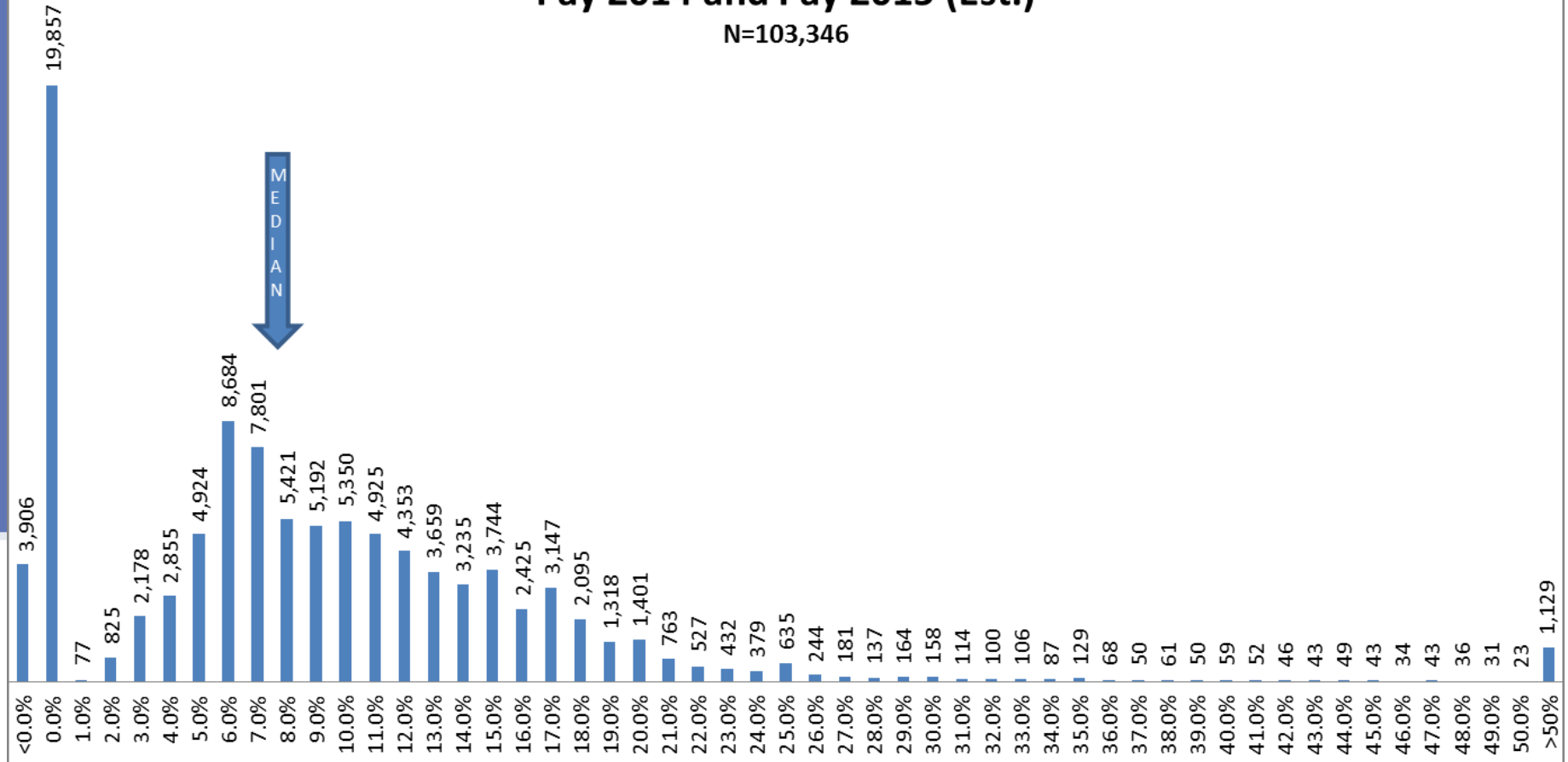


Source: Hennepin County Resident & Real Estate Services – property data as of 07/30/2014

# Changes in Property Values

**Distribution of Change in Tax Capacity of Residential Parcels Between Pay 2014 and Pay 2015 (Est.)**

N=103,346



# Mayor's Recommended 2015 Budget Recap

Property tax scenario on typical family home assessed at \$175,000 in 2014 with a 5% increase in value

	2014	2015	% Change	\$ Change
Assessed Market Value (MV	\$175,000	\$183,750	5.0%	\$8,750
Market Value Credit Exclusion	(\$21,490)	(\$20,703)	-3.7%	\$788
Taxable Value	\$153,510	\$163,048	6.2%	\$9,538
Tax Capacity	\$1,535	\$1,630	6.2%	\$95
Total Est City Property Taxes	\$1,151	\$1,129	-1.9%	(\$22)



# **2015 Budget Financial Policies**

# Financial Policies

## ■ **Proposed Updates**

- Quarterly reporting to Ways & Means Committee
- Expiration of Aged Budget Appropriation
- Enhanced Internal Controls
- Investment and Procurement Policies
- Cleaning up the language in various sections of the Financial Policies, including:
  - Receivables Collections Policy
  - Subrogation Authority
  - Availing translation assistance of Financial Reports to residents through NCR

# Budget Overview – Select Funds

General Fund Financial Plan

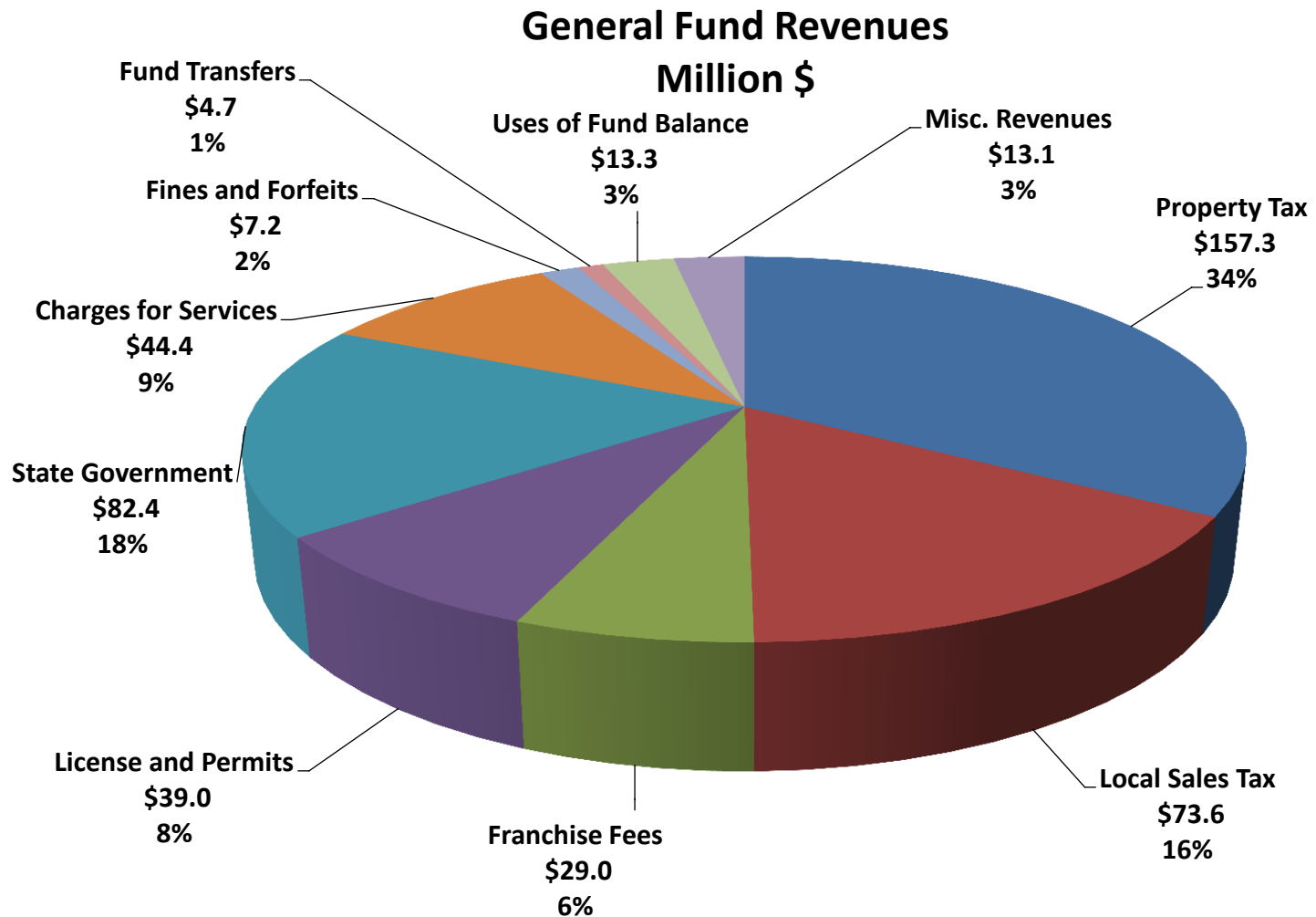
## General Fund – Overview

- \$464 million, or 35% of total budget
- Department spending: \$400.4 million, or 4% increase from 2014
- General Fund Levy decrease of 1.5% from 2014
- Short-term reliance on transfers and one-time funding sources
  - Planned use of fund balance

# Mayor's Recommended 2015 Budget Recap

## General Fund - Source of Funds by Category

(\$464.0 Million)





# Mayor's Recommended 2015 Budget Recap

## General Fund - Funds by Category- Comparison to 2014

<b>Revenue Source</b>	<b>2014 Adopted</b>	<b>2015 Recommended</b>	<b>% Change from 2014 Adopted</b>
Property Tax	\$159.5	\$157.3	-1.5%
Sales Tax	\$72.2	\$73.6	2.0%
Franchise Fees	\$26.9	\$29.0	7.7%
License and Permits	\$36.3	\$39.0	7.4%
State Government	\$13.9	\$14.4	4.0%
Local Government Aid	\$66.9	\$68.0	1.6%
Charges for Services	\$44.0	\$44.4	0.9%
Fines and Forfeits	\$7.9	\$7.2	-8.2%
Fund Transfers	\$2.3	\$4.7	101.5%
Uses of Fund Balance	\$24.6	\$13.3	-45.8%
Misc. Revenues	\$11.8	\$13.1	11.1%
<b>Total</b>	<b>\$466.3</b>	<b>\$464.0</b>	<b>-0.5%</b>

## General Fund – Revenue drivers

- Property tax payer impact
- Use of Remaining Property Tax Stabilization set-aside
- Fund Balance Availability and Stability
- LGA Reinstatement
  - Legislature approved increase of \$1 million
- Increased Permit, License and Fees revenues, resulting from improved economic conditions

# General Fund – Expense Drivers

- Costs associated with salaries and benefits – including PERA contribution changes
- Inflation
- Contractual obligations
- Operating Capital and associated costs
- Program enhancements – on-going
- Program enhancements – one-time



# Enterprise Funds

# Enterprise Funds

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- Public Works Enterprises
  - Sanitary Sewer
  - Stormwater
  - Water
  - Solid Waste

# Enterprise Funds

## Budget Comparison (millions \$)

	2014 Adopted	2015 Recommended	Change	\$Diff
Solid Waste	33.4	42.6	27.5%	9.2
Water Treatment & Distribution	52.4	56.0	6.7%	3.6
Surface Water and Sewer - Stormwater	19.4	19.4	-0.2%	
Surface Water and Sewer - Sanitary Sewer	48.0	56.8	18.4%	8.8
Total Utility Enterprises	153.2	174.7	14.0%	21.6

## Mayor's Recommended 2015 Budget Recap

# Combined Utility Bill

## *Monthly Cost for Average Consumer*

Combined Utility Bill					
Monthly and Annual cost for average customer					
	2014	2015 Monthly Average*	2015 Annual Average	2015 monthly dollar change	2015 % change
<b>Water*</b>	\$25.74	\$26.59	\$319	\$0.85	3.3%
<b>Sanitary Sewer</b>	\$22.24	\$23.06	\$277	\$0.82	3.7%
<b>Stormwater</b>	\$11.94	\$11.94	\$143	\$0.00	0.0%
<b>Solid Waste/Recycling**</b>	\$22.60	\$26.60	\$319	\$4.00	17.7%
<b>Total</b>	\$82.52	\$88.19	\$1,058	\$5.67	6.9%

\*Assumes average household water and sewer usage

\*\*Assumes organics recycling program established

# 2015 Recommended Budget Upcoming Dates and Next Steps

November 18, 6:05 p.m. Public Comment

December 1-2, Budget Mark-Up

December 10, 6:05 p.m. Public Hearing

<http://www.ci.minneapolis.mn.us/finance/budget/WCMS1P-113263>



## Mayor's Recommended 2015 Budget

## General Fund – Enhancements (on-going)

- City Attorney –
  - \$90,000 for City's share of two Downtown Probation officers
  - \$75,000 for 1 FTE (Data Management Analyst)
- City Clerk –
  - \$284,000 for 2 program assistants and 1 software engineer
- City Coordinator –
  - \$400,000 for downtown events
  - \$250,000 (including 2 FTEs) for equitable outcomes program
  - \$75,000 for Creative City Making
  - \$40,000 for Creative Index Report
- 911 –
  - \$347,000 to increase staffing by four operators
- Civil Rights -
  - \$100,000 for a Contract Compliance Officer

## Mayor's Recommended 2015 Budget

# General Fund – Enhancements (on-going)

- Communications –
  - \$174,000 for 2 FTEs to support collaboration with the Neighborhood and Community Relations Department
- CPED -
  - \$200,000 for the Homelessness Initiative
  - \$250,000 in Homeownership Counseling and Outreach program
  - \$100,000 in business technical assistance
  - \$75,000 for youth training and development
  - \$100,000 (1 FTE) for construction code services
  - \$94,000 (1 FTE) for a new business licensing position
- Fire -
  - \$400,000 to provide for a class of trainees every year
- Health and Family Support –
  - \$50,000 (.5 FTE) for school based clinics
  - \$70,000 for youth development and sexual health
  - \$100,000 for youth violence prevention
  - \$350,000 (3 FTE) for the food, lodging and pools inspection program

## Mayor's Recommended 2015 Budget

# General Fund – Enhancements (on-going)

- Human Resources –
  - \$25,000 for Enterprise Employee Recognition program
  - \$35,000 for the annual licensing fees for NEOGOV Applicant Tracking System
  - \$100,000 (for 1 FTE) for strategic employment services provided by Human Resources, but targeted for Public Works (reallocation of existing resources).
- Mayor –
  - \$195,000 in ongoing General Fund allocation for additional policy resources.
- Police -
  - \$996,000 for hiring 20 part time Community Service Officers
  - \$520,000 as a matching requirement for \$520,000 from the Federal COPS Hiring Grant for 10 officers
  - \$100,000 for a Data Specialist

## Mayor's Recommended 2015 Budget

# General Fund – Enhancements (on-going)

- Public Works – Traffic and Parking Services
  - \$350,000 for the Pedestrian Safety Initiative
- Public Works – Transportation Maintenance and Repair
  - \$30,000 for on-street bike lane summer cleaning and winter maintenance
  - \$11,000 dedicated to off-street trail summer cleaning and winter maintenance
  - \$200,000 for sidewalk snow removal and enforcement
- Public Works – Transportation Planning and Engineering
  - \$300,000 to enhance right of way/public realm planning
- Regulatory Services –
  - \$135,000 for 2 animal care technicians to allow animal control officers
  - \$180,000 for fire inspection services
- CARS Program – funding for year one of the 2015-2019 program (\$8.2M)

## Mayor's Recommended 2015 Budget

# General Fund – Enhancements (one-time)

- City Attorney –
  - \$75,000 for Domestic Abuse 24 Hour Hotline Services
  - \$50,000 for Domestic Violence Hot Spot Initiative
- City Coordinator Administration -
  - \$150,000 for 1 FTE to oversee the Clean Energy Partnership
  - \$50,000 relating to the transition of MPHA's medical insurance and related costs
  - \$35,000 for 2020 City of Minneapolis Arts, Culture and the Creative Economy Road Map
  - \$20,000 for full update, design and dissemination of the Creative Index report
- Civil Rights -
  - \$300,000 for conducting a disparity study over the next two years
- Convention Center -
  - \$500,000 transfer to the Convention Center Fund for the purpose of marketing, events and community engagement programming.

## Mayor's Recommended 2015 Budget

## General Fund – Enhancements (one-time)

## ■ CPED -

- \$1,000,000 for the Affordable Housing Trust Fund program
- \$125,000 in Homeownership Counseling and Outreach program
- \$250,000 for planning activities associated with the closure of the Upper Harbor Terminal
- \$100,000 for policy issues addressing land capacity
- \$200,000 for construction code services (2 FTE)

## ■ Fire -

- \$400,000 to enhance on-going training and recruitment activities
- \$50,000 for continuing development and implementation of outreach to high schools and an alternative hiring process

## ■ Health and Family Support –

- \$140,000 (1 FTE) for lead and healthy homes
- \$25,000 to finalize the 2007 Minneapolis Air Quality Study
- \$72,000 (1 FTE) for tobacco prevention to pursue strategies to prevent exposure to second hand smoke.

## Mayor's Recommended 2015 Budget

## General Fund – Enhancements (one-time)

- Intergovernmental Relations –
  - \$15,000 one-time funding for staff development
- Neighborhood and Community Relations
  - \$150,000 for conducting an evaluation of City programs and services for compliance with ADA Title II requirements
- Police -
  - \$962,000 for hiring 18 Cadets in 2015
- Public Works – Transportation Maintenance and Repair
  - \$150,000 for snow removal from on-street bike lanes
- Public Works – Transportation Planning and Engineering
  - \$75,000 to study intersections identified by the Pedestrian Advisory Committee for pedestrian improvements
- Regulatory Services –
  - \$120,000 for fire inspection services
  - \$30,000 for translation services